

Message Text

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ACTION EB-07

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: (A) NAPLES 383; (B) NAPLES 309; (C) NAPLES 098

BEGIN SUMMARY: PERIOD APRIL 12-22 MARKED BY (A) POSITIVE DEVELOPMENTS

IN RICHARDSON- MERRELL EFFORTS TO SELL FIRM; (B) UNION ACQUIESCENCE I
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MOBIL OIL LONG-TERM RESTRUCTURING, IN RETURN FOR EMPLOYMENT
GUARANTEES; (C) QUALIFIED APPROVAL OF SPERRY SUD FUTURE PRODUCTION
PLANS; (D) CONTINUED DEADLOCK AT GENERAL INSTRUMENT; AND (E) STREET
RIOT BY NAPLES UNEMPLOYED, WITH 33 INJURED. END SUMMARY

1. ACCORDING RICHARDSON-MERRELL (R-M) LOCAL PRESIDENT HERNANDEZ,
APRIL 14 MEETING WITH ANIC PRESIDENT PAGANO (REF A) REVEALED THAT
ANIC QUOTE VERY INTERESTED UNQUOTE IN PURCHASING R-M EQUITY.

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HERNANDEZ ANTICIPATES THAT, FOLLOWING FURTHER NEGOTIATIONS, LETTER
OF INTENT LIKELY TO BE SIGNED BY TWO FIRMS IN LATE MAY. PRINCIPAL
NEGOTIATING POINT IS DIVISION OF WHAT NOW LIKELY TO BE JOINT VENTURE,

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WITH ANIC SEEKING 50-50 PARTICIPATION, AND R-M DESIRING LIMIT ITS

SHARE TO MAXIMUM TWENTY PERCENT. LEAKS RE PROGRESS OF NEGOTIATIONS TO UNIONS AND PRESS SEEN BY HERNANDEZ AS HELPFUL, AS THEY INCREASE POLITICAL PRESSURE ON ANIC, WHILE CALMING AGITATION IN FACTORY, WHICH

NOW FUNCTIONING IN FULLY NORMAL FASION. HERNANDEZ HAS ALSO RECEIVED INDICATION OF INTEREST IN PURCHASING R-M EQUITY FROM BIAGGINI INTERESTS (HEADQUARTERED IN TUSCANY) AND IS KEEPING HIS LINES OPEN TO MONTEDISON, IN CASE ANIC NEGOTIATIONS HIT A SERIOUS SNAG.

2. MOBIL OIL PLANT MANAGER, CARLO FUNEL, HAS PARTICIPATED IN SERIES OF MEETINGS UNDER AUSPICES REGIONAL ASSESSOR GRIPPO TO DISCUSS FIRM'S FUTURE. FUNEL'S GUARANTEES OF NO FIRINGS OR LAYOFFS, REGARDLESS OF OUTCOME OF LONG-TERM RESTRUCTURING PLANS NOW UNDER CONSIDERATION, OBTAINED UNION ACQUIESENCE, AND MEETINGS TO BE DISCONTINUED. LABOR AGITATION WITHIN PLANT HAS DIMINISHED, ALTHOUGH WEEKLY STRIKES RELATED TO STALEMATE IN NATIONAL PETROLEUM WORKERS' CONTRACT NEGOTIATIONS CONTINUE.

3. DURING MEETING WITH CONGEN APRIL 18, UNIVAC EUROPEAN MANUFACTURING

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OPERATIONS DIRECTOR CORGAN INDICATED THAT SPERRY RAND HAS RETREATED FROM THE BRINK, AND THAT QUALIFIED APPROVAL HAS BEEN GRANTED FOR PRODUCTION OF NEW AND SOPHISTICATED MANUAL TYPEWRITER AT SPERRY SUD NAPLES PLANT. ROSSI, PLANT'S GENERAL MANAGER, MEETING WITH UNIONS APRIL 23 (REF A), TO INFORM THEM OF PRODUCTION PROGRAM, DOWNPLAYING FACT THAT CERTAIN MARKET AND FINANCIAL ANALYSES MUST BE COMPLETED BEFORE FINAL APPROVAL OF PROGRAM FORTHCOMING.

4. SITUATION AT GENERAL INSTRUMENT'S (GI) NAPLES PLANT, OCCUPIED BY WORKERS SINCE JAN. 31 (REF C), REMAINS UNCHANGED. WORKERS ARE CONTINUING TO PRESS FOR ITALIAN GOVERNMENT TAKEOVER OF FACTORY AND ARE TO MEET IN ROME TODAY (APRIL 23) WITH MINISTER OF INDUSTRY DONAT CATTIN, AT REQUEST OF PRESIDENT CAMPANIA REGION CASCETTA. HOWEVER, IT UNLIKELY THAT THIS MEETING, IN CONTRAST TO INNUMERABLE ONES ON SAME SUBJECT IN RECENT PAST, WILL CONVINCE GOI TO ASSUME LARGE WORKFORCE AND OUTDATED PLANT, WITH NO PRODUCT TO MANUFACTURE. (GENERAL INSTRUMENT HAS REPEATEDLY INDICATED ITS UNWILLINGNESS EITHER TO SUPPLY TECHNOLOGY TO OR TO PURCHASE THE OUTPUT FROM SUCH AN OPERATION). MEANWHILE, GI MANAGEMENT, NOT REQUIRING NAPLES PLANT LIMITED OFFICIAL USE

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PRODUCTION IN CURRENT DEPRESSED ELECTRONICS MARKET, MAINTAINING THAT FIRINGS OF 314 EMPLOYEES NOT NEGOTIABLE, AND SEEM IN NO HURRY

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TO RESUME OPERATIONS.

5. IN OTHER DEVELOPMENTS: (A) PITTSBURGH PLATE GLASS MANAGER PRUDENZA

CAUTIOUSLY OPTIMISTIC THAT LAYOFFS PREVIOUSLY FORESEEN (REF B) MAY BE FURTHER POSTPONED; (B) AMERICAN UNIFORM COMPANY (AMUCO) CONTINUES TO TEMPORIZE RE POSSIBLE MAY LAYOFFS (REF A), WHILE PROCEEDING WITH PLANS TO BUILD NEW MANUFACTURING FACILITY IN TUNISIA; (C) 3M MANAGER BELKNAP INDICATES THAT, ALTHOUGH LOW LEVEL OF ORDERS WOULD NORMALLY DICTATE LAYOFFS (PARTICULARLY IN POLYESTER PLANT), FIRM CONTINUING TO CARRY EXCESS WORKERS BECAUSE OF CONCERN FOR LOCAL ECONOMIC CRISIS;

AND, (D) UNEMPLOYED NEAPOLITAN WORKERS, FOLLWOING WEEKLONG OCCUPATION/HUNGER STRIKE AT REGIONAL LABOR OFFICE, VANDALIZED BUILDING AND TOOK PROTEST TO STREETS, APRIL 21, WITH 33 INJURED (INCLUDING 15 POLICE) IN VIOLENT DEMONSTRATION.

COMMENT; AS INDICATED REF A, DIFFICULTIES OF AMERICAN SUBSIDIARIES UNLIKELY TO DISAPPERA IN NEAR TERM. HOWEVER, PROGRESS IN RICHARDSON-MERRELL NEGOTIATIONS, MILD UNION REACTION TO MOBIL OIL RESTRUCTURING POSSIBILITIES, AND QUALIFIED APPROVAL OF SPERRY SUD PRODUCTION PLAN HAVE SERVED FURTHER TO ALLEVIATE LOCAL POLITICAL CONCERNS, WHILE SUBSIDIARIES' PROBLEMS INCREASINGLY BLEND INTO GENERAL CRISIS BACKGROUND. MOREOVER, TENTATIVE SIGNS OF ECONOMIC

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UPTURN (NOTED BY 3M, PITTSBURGH PLATE GLASS AND AMUCO MANAGERMENTS IN RECENT DISCUSSIONS WITH COMMERCIAL OFFICER), MAY PROVIDE AN ADDITIONAL ELEMENT FAVORING MANAGEMENT RESTRAINT. MEANWHILE, VIOLENT APRIL 21 EPISODE BY UNEMPLOYED INDICATIVE OF GENERAL WORKER MOOD. HOROWITZ

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